

Friday, March 24, 2023

Honorable Michelle Phillips Secretary
NYS Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 14-M-0094 – Proceeding on Motion of the Commission to Consider a Clean Energy Fund; Case 18-M-0084 – In the Matter of a Comprehensive Energy Efficiency Initiative

Dear Secretary Phillips and Members of the Commission,

Kinetic Communities Consulting (KC³), the Association for Neighborhood & Housing Development (ANHD), and the Urban Homesteading Assistance Board (UHAB) are grateful for the opportunity to submit the following comments regarding the New Efficiency New York (NENY) Interim Report.

KC³ is the first minority, woman-owned firm that works within New York's energy and affordable housing industry to expand energy efficiency opportunities for under-represented Black and brown low-income communities. ANHD is a member-based organization that builds community power among affordable housing developers, owners, and managers to win affordable housing and thriving, equitable neighborhoods for all. UHAB empowers low- to moderate-income (LMI) residents to take control of their housing and enhance communities by creating strong tenant associations and lasting affordable cooperatives.

Together, our organizations utilize our expertise in New York's affordable housing industry and its Environmental Justice movement to direct outreach for the Affordable Multifamily Energy Efficiency Program (AMEEP) in the downstate region. Our collaborative efforts have already supported over 19,000 affordable housing units across New York City with securing incentives for energy efficiency work.

We are excited to see progress towards the state-wide NENY's 185 TBtus reduction target and applaud the Public Service Commission for their continued effort towards decarbonization. Continued collaboration with housing agencies and leading industry partners like KC³, and community-based organizations like UHAB and ANHD, will remain an integral strategy to ensure New York's most vulnerable tenants are not left behind in the transition to full electrification. We submit these comments to illuminate programmatic recommendations that will further NENY's progress and center the needs of LMI customers.

Below are eight recommendations we propose for the Public Service Commission to consider:

1. Utility-run energy efficiency incentive programs must scale up to meet CLCPA goals.

While IRA funding, codes and standards, and state and local regulatory mandates will all support increased adoption of energy efficiency, utility-run programs are still needed to make deeper energy efficiency measures cost-effective for customers. We estimate savings targets will need to grow by 2-3x by 2030 to meet state goals. Budgets should match the targets that need to be achieved.

2. NYSERDA and utilities must increase energy efficiency resources for affordable housing buildings to ensure no New Yorker is left behind in the clean energy transition.

Heating electrification and envelope measures must become the focus of energy efficiency programs. This unprecedented shift will mean a departure from the business-as-usual programs and require additional

resources to ensure successful implementation, especially for affordable housing buildings. KC³, UHAB, and ANHD urge the state to increase energy efficiency resources for affordable housing buildings to ensure they are not left behind in the transition. History shows us the many adverse effects of electrifying too quickly without resources for low-income communities of color—displacement, gentrification, and the burden of higher energy bills will be a challenge for low-income tenants if NYSERDA and utilities do not increase investment in these communities.

Fully electrifying New York’s disadvantaged communities should come hand in hand with protections and an automatic subsidy to ensure tenants are not faced with the burden of higher bills. Due to [historical disinvestment](#), affordable multifamily buildings require increased incentive funding and implementation support to complete projects, especially for those that involve complex, whole-building energy retrofits. Resources for measures currently under gas programs that get buildings electrification-ready (i.e. building envelope, water conservation, roof and wall insulation, energy management systems, refrigerators, dishwashers, and energy recovery ventilators), should be deemed strategic and made permanently available for affordable buildings to prepare the sector for the transition. Incentives for non-strategic gas and LED lighting should be reassessed in 2025. KC³, UHAB, and ANHD are supportive of rate restructuring when gas devices are no longer incentivized.

Historic divestment has contributed to a service gap in the affordable housing sector. Current energy efficiency programs do not adequately service the following affordable housing buildings: gut rehabs, supportive housing, buildings running on oil, and building decision-makers that do not speak English. New York’s transition away from fossil fuels must include resources for the state’s most burdened tenants. Current programs should expand their reach to service these building types and implement strategies that expand language access, including but not limited to creating promotional materials in different languages, increasing funds for outreach in multiple languages, and recruiting MWBEs and contractors that speak languages other than English. Expanding and enhancing program offerings will in turn broaden their reach to underserved disadvantaged communities across the state.

3. Prioritizing deeper, complex projects will mean longer timelines and greater multi-year incentive certainty.

This interim review should develop and mandate budgets and targets through 2030 to provide the market, especially the LMI sector, with reliable access to funding. This is especially important for affordable buildings that rely on the certainty of future incentives to help procure financing.

Affordable buildings undergoing comprehensive retrofits often require over a year to complete the project. Under the current NENY structure, incentives are only available through 2025, which will pose challenges and add financial risk to LMI customers looking to commence comprehensive projects in 2024 onwards. The statewide utility-run AMEEP provides affordable buildings, including regulated and subsidized buildings, with incentive offer letters that can be used to help secure certain loans. Incentive availability beyond 2025 will enable utilities to continually issue incentive offer letters for affordable building comprehensive projects that may extend beyond 2025.

4. The LMI Portfolio should move from a statewide structure to a regional approach to increase efficacy, enable a streamlined customer experience, and reduce administrative costs.

Each region in New York has different building typologies and ownership structures that influence the adoption of clean energy and energy efficiency. Under the regional approach, Con Edison would coordinate with National Grid downstate on AMEEP, where geographically, multifamily building typologies and needs are aligned. A regional approach better aligns with market realities. For example, it

is more common for contractors and energy service providers to work in specific regions within the State, rather than statewide. Building portfolio owners and managers also need streamlined offerings within their region of focus, rather than statewide. Regional program coordination would allow for more flexibility to address the needs of different types of affordable housing, while continuing to provide a streamlined customer experience in overlapping service territories. Utilities would work towards shared regional and statewide goals, and cater their programs to address regional needs, such as Local Law 97 in New York City. KC³, UHAB, and ANHD are also supportive of strategies that provide community-based organizations the opportunity to provide feedback on program design and administration to better prioritize New York’s LMI building stock and their distinct needs. The shift to a regional approach would allow for this deeper level of community engagement.

5. Rules on funding sources and allocations should be standardized across program implementors to enhance service to customers.

The state has inconsistent rules on funding sources and allocations for NYSERDA and utilities. Utilities can only use rate-payer dollars to fund energy efficiency programs and are limited to system benefits charges, which decreases their eligible payer base. NYSERDA does not have to observe these same rules. Inconsistent program implementation adds financial risk to already cash-strapped LMI building decision-makers. Customers that are interested in starting comprehensive projects are dropping out of program enrollment because of incentive changes, lack of funds, and timeline challenges. Expanding funding sources will help stabilize these programs to better serve LMI customers and maximize their reach to buildings most in need without limitations. We support the proposal to expand energy efficiency funding sources by having all collections from gas and electric customers go towards funding the transition to electrification.

6. Energy efficiency programs must coordinate with each other to standardize requirements and expedite administration to achieve CLCPA goals.

The lack of coordination among the state’s energy efficiency programs, including, but not limited to, NYSERDA’s FlexTech, NYSERDA’s Low Carbon Pathway, AMEEP, and the Housing Finance Agencies Integrated Physical Needs Assessment (IPNA), increases costs to tenants. These programs require customers to hire an energy service provider who submits an application and energy calculations tool. Customers must do this separately for each program they are interested in enrolling in. These programs also require the energy service provider to be an approved vendor for their program.

This confusing patchwork of requirements creates an additional financial burden for affordable housing buildings. Providers are charging a premium to go through all the programs, despite many of them asking for the same information. These added hurdles result in added costs for LMI customers, and at times, the costs outweigh the incentives. Properties that need these programs the most, often have the least amount of funding and time. Better coordination across these programs can alleviate confusion among customers, expedite the administration of services, and reduce the cost to tenants. KC³, UHAB, and ANHD support the adoption of strategies that

There are existing models of how energy efficiency programs can better coordinate with each other to center the needs of LMI customers. The Con Edison-administered AMEEP worked with the New York City Department of Housing Preservation (HPD) to design the IPNA pilot, in which HPD would provide funding for affordable housing buildings to do retrofits and maintain affordability. Con Edison engaged HPD to streamline the process to commit funds to projects prior to loan closing. This process has already provided ten affordable housing buildings in HPD’s portfolio with over \$600,500 in incentives in the first six months of the pilot.

streamline program administration, including a universal application and calculation tool that can be used across all energy efficiency programs.

7. Energy efficiency programs should invest in strategies that both reduce electric load and decrease emissions.

Utilities are focusing their efforts to meet energy-saving targets and emission reductions. While greatly needed, these initiatives are contributing to the increased strain on the electrical grid. There is no approved proposal to address this urgent issue. Building envelope work remains a key strategy to get New York’s building stock electrification-ready, as it decreases both energy use as well as carbon emissions. KC³, UHAB, and ANHD are interested in strategies that reduce grid reliance in tandem with decarbonization to decrease energy use and mitigate the need for any future build-out. Strategies should be prioritized for Disadvantaged Communities and energy burden New Yorkers.

8. Energy efficiency programs must onboard more MWBE firms and contractors to support the implementation.

Energy efficiency programs must invest in workforce development strategies to ensure equitable program implementation. Energy efficiency programs require a lot of information to enroll as a participating contractor, which is a major hurdle for MWBEs and new contractors. This hurdle contributes to inequitable program implementation in two major ways. First, it significantly limits the pool of contractors that can implement these programs. Second, participating contractors exercise their own discretion to cherry-pick projects they want to work on, often leaving (smaller) buildings behind.

The state has a responsibility to outreach, engage, and support MWBE firms and new contractors to enroll in these energy efficiency programs. There is no regulatory oversight of contractors for these state programs, which further exacerbates this issue. KC³, ANHD, and UHAB support the proposal for a state-run outreach program that would educate interested MWBE firms and contractors to recruit diverse implementers, especially those that speak languages other than English. KC³, UHAB, and ANHD also support the creation of a “contractor’s code of ethics” to enhance consumer protections.

Signed,

Kinetic Communities Consulting (KC³)

Association for Neighborhood & Housing Development (ANHD)

Urban Homesteading Assistance Board (UHAB)

